

## **2005 DRAFTING REQUEST**

### **Assembly Amendment (AA-AB323)**

Received: **03/01/2006**

Received By: **jkreye**

Wanted: **Today**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

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#### **Pre Topic:**

No specific pre topic given

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#### **Topic:**

Extending tax credit carry-over provisions; technical changes

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#### **Instructions:**

See Attached

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#### **Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 03/01/2006	wjackson 03/01/2006	jfrantze 03/01/2006	_____	sbasford 03/01/2006	sbasford 03/01/2006	
	jkreye 03/02/2006	kfollett 03/02/2006		_____			
/2			chaugen 03/02/2006	_____	mbarman 03/02/2006	mbarman 03/02/2006	

FE Sent For:

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FE Sent For:

*12 kf ch 3/2*  
*3/2*  
*OK 3/2*  
**<END>**

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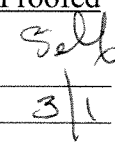
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/1	jkreye	1 W/L 3/1	 3/1	 3/1			

FE Sent For:

<END>

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Just - Rep. Wiedert

3-1-06

0904

AB 323

make changes recommended by DOR in

bill memo dated 12-9-04



## MEMORANDUM

December 9, 2004

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Dennis Collier  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 904/1: Extending Tax Credit Carryover Provisions for Income and Franchise Tax Purposes

The extended carryover provisions apply to the community development finance authority credit under sec. 71.02 (2). Individuals have not been able to claim the credit since 1986 and the carryforward could not be used after 2000. To avoid the impression that this credit could continue to be claimed, or that returns could be amended to reflect the credit, the Department recommends that the carryover extension not apply to the community development finance authority credit.

The Department has some concerns regarding the initial applicability language.

- The draft first applies to corporations and insurance companies for credits computed for taxable years beginning on January 1, 1988, and applies for individuals, tax-option corporations, partnerships and limited liability companies beginning in 1998. There does not appear to be a reason for a different effective date for individuals, tax-option corporations, partnerships and limited liability companies.
- Unused credits first computed in 1988 have already expired. The bill could be read to retroactively give new life to those expired credits.
- Numerous tax credits did not exist in 1988. Unless the initial applicability language is clarified or separate language is provided for each credit, there could be attempts to claim the credits for years prior to the enactment of those credits.

The Department suggests the following initial applicability language:

This act first applies to credits computed for taxable years beginning on January 1, 1989, or credits computed for the first taxable year for which credits are allowable, whichever is later.

If you have questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBa2581/1dn

JK:.....

WJ

Representative Wieckert:

This amendment is intended to address the concerns raised by DOR in its technical memorandum dated December 9, 2004.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRBa2581/1

JK:.....

WJ

ASSEMBLY AMENDMENT ,  
TO 2005 ASSEMBLY BILL 323

in 3-1-06

Today

D-N

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 1, line 4: delete the material beginning with that line and ending <sup>with</sup> on  
3 page 2, line 4.

4 2. Page 3, line 14: delete lines 14 to 17 and substitute:

5 <sup>init app</sup> → <sup>m</sup> (1) This act first applies to credits computed for taxable years beginning on  
6 January 1, 1989, or credits computed for the first taxable year for which credits are  
7 allowable, whichever is later.”.

8 (END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBa2581/1dn  
JK:wlj:jf

March 1, 2006

Representative Wieckert:

This amendment is intended to address the concerns raised by DOR in its technical memorandum dated December 9, 2004.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us



## Kreye, Joseph

---

**From:** Becher, Scott  
**Sent:** Thursday, March 02, 2006 1:31 PM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB 05a2581 Topic: Extending tax credit carry-over provisions; technical changes

Fyii..

---

**From:** Gates-Hendrix, Sherrie  
**Sent:** Thursday, March 02, 2006 10:26 AM  
**To:** Becher, Scott  
**Subject:** FW: LRB 05a2581 Topic: Extending tax credit carry-over provisions; technical changes

Scott -- Sorry for the change, but our analyst indicates that because she wrote her initial analysis some time ago, there would need to be one other date change to the amendment you sent to ensure that credits already closed would not be affected by AB 323.

She's suggesting that 1989 be replaced with 1990 on line 6. See below.

---

**From:** Held, Carol L  
**Sent:** Thursday, March 02, 2006 10:23 AM  
**To:** Gates-Hendrix, Sherrie  
**Subject:** RE: LRB 05a2581 Topic: Extending tax credit carry-over provisions; technical changes

Yes if it's enacted right away. Otherwise, 1991

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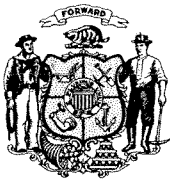
**From:** Gates-Hendrix, Sherrie  
**Sent:** Thursday, March 02, 2006 10:23 AM  
**To:** Held, Carol L  
**Subject:** RE: LRB 05a2581 Topic: Extending tax credit carry-over provisions; technical changes

So what should the language say? 1990 instead of 1989 on line 6?

---

**From:** Held, Carol L  
**Sent:** Thursday, March 02, 2006 10:21 AM  
**To:** Gates-Hendrix, Sherrie  
**Subject:** RE: LRB 05a2581 Topic: Extending tax credit carry-over provisions; technical changes  
**Importance:** High

Sherrie -- I miscounted. The 1989 credits have already expired. The analysis suggesting the 1989 date was written in 2004. So using the January 1, 1989, language opens up credits and will result in the filing of amended returns.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRBa2581/1

JK:wlj:jf

in  
stays

AR

ASSEMBLY AMENDMENT,  
TO 2005 ASSEMBLY BILL 323

3-2-06

NOW

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 1, line 4: delete the material beginning with that line and ending with
- 3 page 2, line 4.
- 4 **2.** Page 3, line 14: delete lines 14 to 17 and substitute:
- 5 “(1m) This act first applies to credits computed for taxable years beginning on
- 6 January 1, ~~1989~~, or credits computed for the first taxable year for which credits are
- 7 allowable, whichever is later.”.

8 (END)

1990